

**IOWA RACING AND GAMING COMMISSION
MINUTES
JANUARY 11, 2007**

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, January 11, 2007 at Stoney Creek Inn, Johnston, Iowa. Commission members present were Kate Cutler, Chair; Gerry Bair, Vice Chair; and members Greg Seyfer and Toni Urban. Commissioner Diane Hamilton was absent.

Chair Cutler called the meeting to order at 8:30 AM, and requested a motion to approve the agenda. Jack Ketterer, Administrator of IRGC, advised there was an addition to the agenda – adding “Transition Plan” as number 11 under Item 9B. Hearing no further corrections or changes to the agenda, Chair Cutler requested a motion to approve the agenda as amended. Commissioner Bair moved to approve the agenda as amended. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler moved to the approval of the minutes from the November 9, 2006 Commission meeting. Commissioner Bair noted one correction on Page 4 with a reference to “Chair Hamilton”. Commissioner Bair moved approval of the minutes as corrected. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to announcements and called on Mr. Ketterer. Mr. Ketterer advised that in addition to the future meetings listed, he had two additional announcements. He introduced Brian Ohorilko, who has accepted a promotion to the Public Service Executive 3 position, and will replace Terry Hirsch, Director of Riverboat Gambling upon his retirement this spring. Mr. Ohorilko is a graduate of Iowa State, and worked in racing at the simulcast center at Prairie Meadows Racetrack & Casino (PMR&C) prior to joining IRGC three years ago as a gaming representative. Most recently Mr. Ohorilko was a Gaming Representative Supervisor supervising the gaming representatives on the eastern side of the state and carrying out policy decisions for Mr. Hirsch. Mr. Ohorilko is certified to officiate football, basketball, softball and baseball at all levels in Iowa.

Mr. Ketterer then recognized Maggi Moss, an Iowa thoroughbred owner for approximately five years, who was named the most winning thoroughbred owner in the nation in terms of the number of races won in 2006. Mr. Ketterer cited the following statistics from Equibase concerning Ms. Moss’ achievement:

- Started 756 horses in 2006, or just over 2 per day;
- Started 212 different horses;
- Had 211 wins, with 125 different horses winning;
- Had 18 different trainers who won races, and

- 53 different jockeys at 30 different tracks where she won at least one race.

Mr. Ketterer advised that Ms. Moss achieved this goal through claiming races, which is a means of the racing department maintaining close competition and competitive races. When a horse is entered into a claiming race, anyone can purchase the horse. When a horse is purchased through a claiming race, the new owner does not receive any purses from that particular race. Should the new owner choose to enter the horse in another claiming race, a typical price is \$15,000-20,000. Should the horse win, the owner receives 60% of the purse (\$9,000-12,000), and 10% each goes to the jockey and trainer. Should the horse come in second, the owner's share drops to 20%. Mr. Ketterer reminded everyone that the previous owner would not have entered the horse in the claiming race if they believed the horse was worth more. The horse could be entered into a \$10,000 claiming race, and the owner would have a better chance of winning the race with a smaller purse; however, the purse would not cover the loss incurred on the sale. Ms. Moss claimed 181 different horses in 2006 and had 124 different horses claimed from her. Mr. Ketterer stated that the claiming race game was the game in which Ms. Moss competed and excelled in 2006, and was more successful than anyone in America. Mr. Ketterer noted that this success required a tremendous amount of time, research and hard work, a little bit of a woman's intuition, and a sprinkle of luck. Mr. Ketterer presented Ms. Moss with a small bouquet in recognition of her achievement.

Ms. Moss thanked everyone. She indicated this was a personal goal, one that no woman had done in 60 years. Ms. Moss indicated that she loves horse racing, and is proud of Iowa. She thanked Jerry Crawford who helped her in this pursuit.

Mr. Ketterer then provided the following information concerning upcoming Commission meetings:

- February 2007 – No Meeting
- March Commission Meeting – March 1, 2007 – Terrible's Lakeside Resort, Osceola, Iowa (Submissions due by February 15, 2007)
- April Commission Meeting - April 19, 2007 – Ameristar Casino, Council Bluffs, Iowa (Submissions due by April 5, 2007)
- May 2007 – No Meeting
- June Commission Meeting – June 7, 2007 – Stoney Creek Inn, Johnston, Iowa (Submissions due by May 23, 2007)

He indicated that the Commission will be setting the dates and locations for the next fiscal year in the spring. Chair Cutler noted that the Commission would be starting a discussion/dialogue about the benefits and non-benefits of expanding gaming in Iowa at the March Commission meeting. She indicated that anyone wishing to speak to that issue should contact Commission staff. This is a discussion only; there will be no presentations and comments should not address specific proposals. The Commission is simply seeking to receive input on the impact of gaming on the state, communities, etc.

Chair Cutler called on Mr. Ketterer regarding the Rules being presented under Notice of Intended Action. He provided the following information:

Item 1: Division of Criminal Investigation (DCI) has indicated a need to increase the down payment required for the investigative fees for background investigations from \$15,000 to \$30,000. This is just an initial payment; the actual cost is the cost to the DCI. Final costs could be higher or lower.

Item 2: Provides for revocation of a license for those refusing drug testing. The Commission has a rule stating that if an individual has been convicted or had a positive drug test, that individual loses their license. The Commission does not want to allow a benefit to an individual who may choose to refuse a drug test.

Item 3: Provides an additional resolution in lieu of a hearing before the Board of Stewards, allows a Stipulation as a means of resolving a violation.

Item 4: Relates back to refusing the drug test, and indicates that information in that regard is available to the Commission.

Item 5: Changes the Commission's web site to conform to state government.

Items 6-9: Deal with medications for horse racing that is in uniformity with the Racing Medication and Testing Consortium, a 25-person blue ribbon panel from all segments of the industry that has come up with recommendations "to provide for a uniform medication and also to provide stricter and more consistent penalties for those who abuse those standards." Mr. Ketterer advised that the Commission also has some proposed Legislation under Administrative Business at the end of the meeting that addresses some statutory language that could not be accomplished through the rule making process.

At Commissioner Bair's request, Mr. Ketterer gave a brief outline of the rulemaking process. He noted the process can take anywhere from 100 – 120 days, depending on how the calendar falls. The Commission staff has always taken the position that IRGC rules will come before the Commission first, then proceed to the Notice of Intended Action, and then come back before the Commission prior to being final adopted.

Item 10: Provides for signage that will direct the public to an area where they can view the rules of the game if they have any questions concerning a specific game. The DCI had concerns on this issue as the result of an adverse court decision.

Item 11: Provides that a facility must provide written notice prior to moving any gambling games or implements of gaming. This is in addition to the requirement that they must notify the Commission prior to moving or removing any games.

Item 12: Provides for closure on unclaimed tickets. Mr. Ketterer explained that most tickets are printed out from slot machine. For those that have not been redeemed, the

licensee has 90 days from the end of their fiscal year to recognize expired tickets. If those tickets have been treated as a deduction and paid, then the licensee would be required to adjust their figures and add the ticket back in. He noted that when the rule was first put in place, the Commission was concerned about someone from the public having a ticket, forgetting to cash it and returning the following week only to find that it had expired. Mr. Ketterer noted that the licensees instituted expiration dates that were far enough out to prevent that situation; however PMR&C had a situation with a ticket that did not have an expiration date so there would never be an event that would cause that deduction to be recognized.

Mr. Ketterer recommended approval of the rules as submitted under Notice of Intended Action.

Hearing no comments or questions from Commission members, Chair Cutler requested a motion. Commissioner Bair moved to approve the rules as submitted under Notice of Intended Action. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-01)

Chair Cutler moved to the contract approval portion of the agenda and called on Wild Rose Clinton/Mississippi Belle II (WRC/MBII). Tom Timmons, Vice President of Operations for Wild Rose Casino, introduced Tim Bollman, the new general manager for the WRC/MBII property effective January 1, 2007. Mr. Bollman was formerly employed with the Isle of Capri Casinos.

Mr. Bollman provided the following background information: Employed by Isle of Capri Casinos for the last 13 years traveling around the country and is originally from Davenport, Iowa. Mr. Bollman presented the following contracts for Commission approval:

- Eva Architects – Architecture for Clinton
- FoxCor, Inc. – Construction Management
- Valley Bluff Corporation –Purchase Land for New Facility

Commissioner Seyfer noted that the contract with EVA Architects indicates additional bids were received, but none were listed. Mr. Bollman deferred to Kevin Preston, Senior Vice President of Corporate Development for Wild Rose Entertainment (WRE), who stated that additional bids were obtained from Simonson and another firm out of Kansas City. He indicated WRE would get those figures to the Commission. Mr. Preston advised that EVA's whole package was priced much better than the two other bids. Commissioner Seyfer asked if there were any Iowa bids. Mr. Preston answered in the negative, except for Simonson.

Commissioner Seyfer noted no additional bids were sought for the construction management contract with FoxCor, Inc. Mr. Preston stated that WRE decided to go with FoxCor as they have done extensive work for Harrah's and the Station properties. They

will oversee day-to-day operations during construction of the property. Chair Cutler asked if FoxCor has Iowa-based staff that would be utilized for this project. Mr. Preston answered in the negative. Chair Cutler advised Mr. Preston that the Commission has been looking closely at out-of-state contracts, and encouraged WRE, or any facility, bringing any out-of-state construction contracts before the Commission, that the company employ Iowans. Mr. Preston advised that Regency Construction would be doing the actual construction of the property.

Hearing no further comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by WRC/MBII. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-02)

Chair Cutler called on Harrah's. Mike Rich, Assistant General Manager, presented the following contracts for Commission approval:

- Diamond Marketing Solutions – Additional Vendor for Direct Mail Pieces and Printing
- Jubitz Corporation – Fuel Expense Agreement for Fuel Purchased at Sapp Brothers

Hearing no comments or questions for Mr. Rich, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Harrah's. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-03)

At this time, Mr. Rich introduced Michael Silberling as the new general manager for Harrah's and Horseshoe Casino/Bluffs Run Greyhound Park and the Regional Vice President for Harrah's properties in Missouri and Iowa. Mr. Silberling comes to Harrah's from Australia where he oversaw operations for Sky City, including operations in Abilene and Darwin. He was employed by Harrah's from 1993-2004, including serving as Senior Vice President and General Manager of Harrah's Reno. Mr. Silberling was a member of the opening team for Harrah's first international property in Auckland, New Zealand – Harrah's Sky City.

Mr. Silberling stated that he began his new duties on January 2nd, and is excited to be back in the United States and in Iowa. He stated that Harrah's thinks very highly of doing business in Iowa, which is evidenced by their recent investment in the Horseshoe Casino/Bluffs Run Greyhound Park facility.

Commissioner Bair asked if the approach to and fever for gambling in Australia is similar to the United States. Mr. Silberling stated that Australia has the highest per capita gambling spending in the Western measured world; noting that in Australia gambling is called "punting". On the other hand, there will occasionally be articles in the newspapers questioning the proper role of the casinos in the community.

Commissioner Bair asked if the casinos are required to give funding back to the local community similar to Iowa's requirement. Mr. Silberling answered in the affirmative, noting that it is done through the tax rate and a voluntary and unanimous contribution to gambling treatment funds and significant contributions to local communities.

Hearing no further questions for Mr. Silberling, Chair Cutler called on Ameristar Casino. Teresa Meyer, General Manager, presented the following contracts for Commission approval:

- Bally Gaming, Inc. – Slot Machines, Equipment and Leases
- OS Sales Company – Meat Inventory
- Prairie Mechanical – Kitchen and HVAC Maintenance

Ms. Meyer advised that Prairie Mechanical has given a strong indication that they will be opening an office in Council Bluffs.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Ameristar. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-04)

Chair Cutler called on IOC Bettendorf (IOCB). Curt Beason, legal representative, presented the following contracts for Commission approval:

- Wells Fargo – Increase Transaction Amount to Cover Company Credit Cards
- International Gaming Technology – Increase Transaction Amount to Cover Gaming Equipment Conversion
- All Star Incentive – Merchandise for Isle Mile Redemption
- Shuffle Master – Increase Transaction Amount for Gaming Equipment
- At Work – Upgrade Team Member Uniforms

Mr. Beason advised that the contract with Wells Fargo is for credit card purchases, and none of the individual purchases will exceed the contract limit, and if they did, they would be submitted separately and brought before the Commission.

Hearing no comments or questions for Mr. Beason, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by IOCB. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-05)

Chair Cutler called on Rhythm City. Mr. Beason presented the following contracts for Commission approval:

- Wells Fargo – Increase Transaction Amount for Company Credit Cards

- Radisson Quad City Plaza Hotel – Increase Transaction Amount for Guest Lodging
- Ryan Companies – Miscellaneous On-going Construction Projects

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by Rhythm City. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-06)

Chair Cutler called on HGI Lakeside. Damon Butler, General Manager, presented a contract with Loomis Company to serve as the third party administrator for Herbst Gaming's self-funded health insurance.

Chair Cutler asked why Lakeside had an out-of-state administrator for their health insurance. Mr. Butler noted that the rates from the current carrier were almost going to double, so corporate elected to go the self-funded route. The home office for the company is in Pennsylvania. The good news for the employees is that they will receive a better prescription rate, and nothing will really change for them with regard to health providers, doctors, hospitals, etc. Chair Cutler asked if Loomis negotiates the contracts with the providers or if the contracts were already in place. Mr. Butler indicated the contracts are in place, and that the contracting services are provided by an Iowa firm.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Bair moved to approve the contract as submitted by HGI Lakeside. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-07)

Chair Cutler called on Wild Rose Emmetsburg (WRE). Mr. Timmons presented a contract with Elbert Construction, Inc. for construction projects and equipment rental.

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the contract as submitted by WRE. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-08)

Chair Cutler called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Trane/American Standard Inc. – Service Agreement – Air Conditioning
- Zender's at Riverside, LLC – Spa Business Lease and Agreement
- Midwest Coca-Cola Bottling Company of Cedar Rapids – Beverage Products
- Can & Bottle Systems, Inc. – Glass Crusher Equipment Lease Agreement
- USCOC of Greater Iowa, Inc. – Interior Cellular Antenna Lease Agreement
- Altorfer, Inc. – Extended Service Coverage for Caterpillar Generator
- Iowa City Landscaping – Plant Material for Golf Course

- Brockway Mechanical & Roofing Company – Golf Course Cart & Maintenance Building
- Brockway Mechanical & Roofing Company – Golf Course Cart & Maintenance Building/Mechanical
- Brockway Mechanical & Roofing Company – Golf Course Cart & Maintenance Building/Roof
- D&R Masonry – Golf Course Cart Storage Building
- DeVries Electric, Inc. – Golf Course Electrical
- Rheinschmidt Tile & Marble – Casino Ceramic Tile/Stone

Chair Cutler asked when work would begin on the golf course. Mr. Massa advised that construction began last summer. Chair Cutler asked if anything was happening with the golf course at the present time. Mr. Massa advised that irrigation systems are being installed, and various structures are under construction. He indicated that the golf course will be open no later than August 1st. Chair Cutler asked if there was a possibility that some ground lost to extensive rains last fall could be made up. Mr. Massa indicated there is always a chance, based on the weather.

Commissioner Bair asked if RCGR has had any interest in golf tournaments. Mr. Massa indicated RCGR has had numerous inquiries regarding tournaments, but nothing on a national level.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-09)

Chair Cutler called on Diamond Jo Casino (DJ). Natalie Schramm, General Manager, presented the following contracts for Commission approval:

- Aristocrat Technologies, Inc. – Slot Machines, Parts and Enhancement Services
- Bally Gaming – Slot Machines, Leased Slot Machines, Parts and Repairs
- Electronic Gizmos and Displays – Slot Signage and Plasma Displays
- Flight Options – Air Travel
- Midwest Casino Supply – New Casino Chairs for Tables, Slots, Deli, Etc.
- VSR Lock, Inc. – Slot Machines Bases and Locks
- Williams Gaming – Slot Machines, Lease Machines, Parts and Conversions
- YWS Architects – Architectural Services

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the contracts as submitted by DJ. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-010)

Chair Cutler called on Diamond Jo Worth (DJW). Jesus Aviles, General Manager, presented the following contracts for Commission approval:

- Commercial Flooring Co. – Carpeting
- Electronic Gizmos and Displays – Slot Signage and Plasma Displays
- Hewlett-Packard – Computers and Hardware
- InfoGenesis – Food and Beverage Point of Sale System
- Midwest Casino Supply – Gaming Chairs
- Midwest Game Supply – Table Games, Layouts, Gaming Dice and Chips, Etc.
- Reliable Technology, Inc. – Computer Hardware and Networking Components
- VSR Lock, Inc. – Slot Machines Bases and Locks

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the contracts as submitted by DJW. Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-11)

Chair Cutler asked how the expansion project was progressing. Mr. Aviles stated that the expansion was framed, roofed and skinned prior to the arrival of the big snow, so all future work will take place inside. Commissioner Bair asked about the hotel occupancy. Mr. Aviles indicated that occupancy has been very good for a hotel that opened in mid-November during a cold snap. He indicated that it has created a good amount of foot traffic for the casino, noting that the majority of the rooms are rented to customers from southern Minnesota.

Chair Cutler called on Dubuque Greyhound Park & Casino (DGP&C). Bruce Wentworth, General Manager, presented the following contracts for Commission approval:

- IGT – Slot Machine Leases
- Qwest Communication Corp. – T1 Phone Line
- Hilton Garden Inn – Hotel Services
- Bally Technologies – Slot Machines
- WMS Gaming, Inc. – Slot Machines
- Atronic Americas, LLC – Lease 6 Slot Games

Hearing no comments or questions, Chair Cutler requested a motion. Commissioner Bair moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-12)

Chair Cutler asked how business was in Dubuque. Mr. Wentworth advised that DGP&C had a record-breaking week between Christmas and New Year's with 35,825 patrons in one week, which would be the equivalent of more than half of Dubuque's residents going to the facility in one week. That was an all-time attendance record for the property. Mr.

Wentworth advised that the hotel had a 75% occupancy rate for their first full year of operation, and is looking for 80% this year.

Chair Cutler called on Peninsula Gaming, LLC, Diamond Jo, LLC and Diamond Jo Worth, LLC regarding their request for approval of financing for the Diamond Jo expansion project in Dubuque. Natalie Schramm, General Manager at Diamond Jo, advised that this is the financing that was presented to the Commission as part of their presentation at the November Commission meeting. She noted there are three arms to the financing.

Hearing no comments or questions for Ms. Schramm, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the financing request as submitted by Peninsula Gaming, LLC, Diamond Jo, LL and Diamond Jo Worth, LLC. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-13)

Chair Cutler called on Isle of Capri Waterloo (IOCW) regarding their request for approval of modifications to the gaming floor plan for the facility. Mr. Beason distributed a sheet showing the project as originally presented to the Commission, previously approved amendments and what is before the Commission today. The following changes have been approved or are proposed for the project:

- Budget: \$119 million – Increased to \$175 Million
- Total Project Square Footage: 201,000 sq. ft.; Increased to 340,000 sq. ft.
- Casino Footage: 35,000 sq. ft.; Increased to 60,000 sq. ft.
- Pavilion Footage: 62,000 sq. ft; Increased to 68,285 sq. ft.
- Entertainment & VIP: None originally; Now 23,000 sq ft.
- Pool: None originally; Now 8,000 sq. ft.
- Spa: None originally; Now 8,000 sq. ft.
- Slots: 1,100; Now 1,130
- Table Games: 30; Now 35
- Parking Spaces: Originally 1,000; Increased to 1,100 in April 06; Now decreased to 1,000

Mr. Beason indicated the facility would be constructed with a bladder system similar to what was approved for Lakeside with the balance being built over the water feature. As this is an expansion of the gaming floor, it requires the Commission's approval. The other amenities are located in outlying areas. Mr. Beason advised that due to the additional amenities, IOC has to obtain additional permits. He stated that Nancy Donovan, Regional Vice President for IOC, advised that IOC anticipates opening the casino portion of the facility in May.

Chair Cutler asked about the letter from the City of Waterloo indicating that the casino floor would be located within 1000 feet of the 100-year flood plain of the Cedar River. She asked if this letter was to allow IOC to obtain flood insurance. Mr. Beason answered

in the negative, stating that in order to construct the bladder system within 1000' of the 100-year flood plain; Iowa statute requires a letter from the City showing that the casino floor would be within 1,000 feet of the flood plain.

Commissioner Urban asked about the time frame for the casino. Mr. Beason advised that the casino portion would open in May, and the hotel would open soon thereafter. He stated that in a meeting with the construction company last week, Ryan Company representatives indicated June or the first part of July for the hotel. Commissioner Urban asked if IOC was originally aiming for an April 1 opening. Mr. Beason answered in the affirmative. Commissioner Urban asked if there was a definite date in May. Mr. Beason indicated they would try to have a firm date in May at the March Commission meeting.

Commissioner Bair noted that the current facility is considerably different than what was originally presented to the Commission in 2005, and asked what had precipitated the change or was the project a work in progress. Mr. Beason indicated the project was a work in progress; that IOC was continuing to work with the city in order to make this the best destination resort possible, which has caused the project to grow.

Commissioner Bair noted that the Commission was hoping to have all of the projects up and running in order to determine the impact of those facilities on gaming in Iowa.

Chair Cutler clarified that an opening date would be available at the March meeting. Mr. Beason answered in the affirmative.

Hearing no further comments or questions for Mr. Beason, Chair Cutler requested a motion. Commissioner Urban moved to approve IOCW's request to further modify the gaming floor plan. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 07-14)

Chair Cutler called on Horseshoe Casino/Bluffs Run Greyhound Park (HC/BRGP). Mr. Rich first addressed the request to make a change in their previously approved racing dates. The proposed change would eliminate the performance on Thanksgiving Day, November 22, 2007, and add a performance on Tuesday, April 10, 2007. The Iowa Greyhound Association has no objection to the proposed change.

Hearing no comments or questions for Mr. Rich, Chair Cutler moved to the contracts submitted by HC/BRGP. Mr. Rich presented the following contracts for Commission approval:

- Cintas Corporation – Uniforms
- C Rallo Contracting Co., Inc. – Kennel Modification Project
- Deloitte & Touche – Professional Services
- G&T Lawn & Landscape – Grounds Maintenance
- Jubitz Corporation – Fuel Expense Agreement for Fuel Purchased at Sapp Brothers

- Landlocked Seafoods, Inc. – Fresh Seafood
- Rotella's Italian Bakery – Breads and Other Baked Goods Supplier
- Shuffle Master Gaming – Purchase of Table Games and Lease Fees

Chair Cutler asked about the fuel expense agreement with Jubitz Corporation. Mr. Rich explained that Jubitz is a service that allows Harrah's and HC/BRGP to purchase fuel from a local truck stop at a significant discount as they purchase in excess of 3,000 gallons per month.

Hearing no further comments or questions for Mr. Rich, Chair Cutler requested a motion. Commissioner Seyfer moved to approve the requested change in race dates and the contracts as submitted by HC/BRGP. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-15)

Chair Cutler called on PMR&C. Gary Palmer, General Manager, noted that the first item was a presentation on the proposal for short and long-term parking resolutions. Mr. Palmer introduced Mark Wandro of Snyder Engineering, who advised that the firm has been working with PMR&C for six or seven months on this issue. He provided the following information to help the Commission understand how the firm reached its numbers, which follows the basis used by the Traffic Engineering Institute (Institute). The Institute studies facilities across the nation to help get an idea of the parking needs required by different venues. Mr. Wandro noted that PMR&C has several different venues within the facility. The studies have resulted in the following:

- Dining Out – Minimum of 2 people per car whether it is fine dining or buffet;
- Multi-Purpose Facility (Entertainment) – 3 people per car;
- Casino – Just over one person per car;
- Racetrack – 2.5 people per car; and
- Employees – 1 person per car

Mr. Wandro advised that the firm looked at a busy night and what would be required for a "perfect storm", but did not take cross-venues into account, so the numbers being provided are very conservative. He indicated that on a busy night, approximately 3,400 parking spaces would be needed. On an absolutely "perfect storm" night, with everyone present at the horse track, all gaming positions filled, all seats occupied in the multi-purpose facility, buffet and fine dining, and all necessary staff to support that attendance, nearly 5,000 parking spaces would be required.

Mr. Wandro advised that the area along Adventureland Inn Drive would be developed as parking. A set of plans have been submitted to the City of Altoona, and the Planning and Zoning Commission will review and possibly approve the proposal this month, and be before the full City Council in February. If all of the necessary approvals are obtained, construction could commence in March. The estimated cost is \$1,250,000 and would provide approximately 463 stalls, with 21 of those being for semis.

Chair Cutler asked when it is anticipated construction would begin. Mr. Wandro indicated construction would begin as soon as the weather permits. Chair Cutler asked how long construction would take. Mr. Wandro stated that he anticipates two-three months.

Mr. Wandro advised that the long-term parking resolution is to construct a parking garage located on the southeast corner of the existing property. The net gain in parking spaces would be 1,400 as the garage footprint would include 100 existing parking stalls. Should PMR&C elect to proceed with the parking garage, Mr. Wandro advised they would be in good shape regarding a long-term parking solution. With regard to short-term parking, Mr. Wandro noted it would be a rare occasion that PMR&C would need 5,000 parking stalls.

Commissioner Bair asked how many parking stalls PMR&C would have if they proceeded with the additional 463 parking spaces. Mr. Wandro indicated they would have approximately 3700 parking spaces.

Commissioner Bair asked if PMR&C still operated a shuttle to and from the property from hotels located downtown. Mr. Palmer advised that they still offer the service on request, but that it does not amount to much.

Commissioner Urban asked if there was other nearby parking available for PMR&C's use. Mr. Palmer noted that PMR&C has utilized the Shriners' parking lot across the street, and that there are other parking lots available for their use, but the need to do so has not arisen on a routine basis. Commissioner Urban asked if it was possible for the parking ramp to be added onto. Mr. Wandro indicated that was an area currently being looked at, but it would add a substantial amount to the cost; that it would be better to add additional parking in another location.

Commissioner Bair asked if the parking ramp would be in conjunction with the hotel. Mr. Palmer answered in the affirmative. Chair Cutler asked about the time line for the long-term parking solution, and whether it had been approved. Mr. Palmer advised that the parking garage has not been approved by PMR&C's Board; that approval had been given for Snyder Engineering to proceed with drawings. PMR&C would need to acquire the necessary financing and get the necessary approvals from Polk County and IRGC. Chair Cutler asked how long it takes to build a parking garage. Mr. Wandro stated that he suspected it would take two years from design to finish.

Commissioner Bair asked how much of the current parking is taken up with employee parking. Mr. Wandro indicated that employees utilize approximately 300-500, depending on the forecast.

Hearing no further questions concerning the long and short-term parking plans, Chair Cutler moved to PMR&C's request for approval of the season approvals for the thoroughbred only and the thoroughbred and quarter horse mixed meet. Derron Heldt,

Director of Racing, advised that there would not be an agreement between PMR&C and the thoroughbreds or quarter horse groups as the parties have been in negotiations following the discussion at November's Commission meeting. He expressed his optimism that an agreement would be reached in the next few days, which would be presented to the Commission along with the 45-day plan at the March Commission meeting.

Mr. Heldt noted that PMR&C was directed to include a transition plan in the 45-day season approvals. He distributed a letter that outlined the steps to be followed to cover the changeover from the thoroughbred only meet to the mixed meet. Mr. Heldt noted that the plan had been signed off on by both the Iowa Horsemen's Protective and Benevolent Association and the Quarter Horse Association. He expressed his confidence that the process would work as outlined in the letter and that the transition would go smoothly.

Chair Cutler asked Mr. Ketterer if he had had an opportunity to review the transition plan. Mr. Ketterer answered in the negative, indicating that he was not concerned about how he would feel, but how the horsemen that are involved and PMR&C would feel.

Commissioner Bair stated that he is looking forward to PMR&C coming before the Commission at the end of this year with three-year agreements with the three horsemen's groups.

Mr. Ketterer advised that he and Commissioner Bair had a meeting with members of the Harness Horsemen's Association who are interested in trying to preserve the purse levels at the county fairs in the future. He indicated that he and Commissioner Bair reinforced the fact that there is nothing the Commission can legally do about that issue, but encouraged them to sit down with PMR&C to determine their position in order to help the harness industry determine what their legislative needs might be in that area. Mr. Ketterer advised that he passed that information on to Mr. Heldt as well. Mr. Heldt advised that a meeting has been tentatively scheduled for January 23rd to get the dialogue started.

Hearing no comments or questions concerning the 45-day plan, Chair Cutler moved to the additional contracts submitted by PMR&C. Mr. Palmer presented the following contracts for Commission approval:

- ABC Electric of Des Moines – Various Electrical Construction Projects
- American Teletimer Corporation – 3-Year Agreement for Live Racing Photo-Finish and Timing Services
- Baker Electric - Various Electrical Construction Projects
- Bakeris Roofing – Roof Replacement Contractor
- Bankers Trust Company – 1-Year Extension of the ATM Services Agreement (RP)
- Dennis Parking Lot Maintenance – Parking Lot Maintenance
- Des Moines Asphalt & Paving – Asphalt and Paving Services

- Durkan Patterned Carpet – Specialty Carpet for Casino
- Garner Printing – Printing Services
- IGT – Lease Renewal for 8 Video Slot Games
- IGT – Lease Renewal for 4 Slot Games
- IGT – Lease Renewal for 4 Slant Top Slot Games
- IGT – Lease of 6 Slot Games (Replacements)
- NALCO – HVAC Water Treatment Service
- Scientific Games Racing – 5-Year Agreement to Provide Pari-Mutuel Wagering Totalisator Services
- Snyder & Associates, Inc. – Consulting and Engineering Services
- United Tote Company – 5-Year Agreement to Provide Pari-Mutuel Wagering Totalisator Services
- Waldinger Corporation – Contractor for Various Electrical and Mechanical Projects
- WMS Gaming, Inc. – Lease Renewal for 2 Slot Games
- Wood Roofing and Sheet Metal – Roof Replacement Contractor

Hearing no comments or questions concerning the contracts, Chair Cutler requested a motion. Commissioner Urban moved to approve the 45-day Season Approvals, with the following conditions, and contracts as submitted by PMR&C:

- The immediate written notification of any change in racing official positions.
- The completion of necessary IRGC licensing and DCI backgrounds.
- Continuation of all import/export simulcast contracts being reviewed and approved by IRGC office staff.
- Prior notification and approval of any schedule changes.
- Submission of a transition plan to ensure a smooth transition between meets.

Commissioner Bair seconded the motion, which carried unanimously. (See Order No. 07-16)

Chair Cutler moved to the hearings before the Commission and called on Mr. Ketterer. Mr. Ketterer advised that Stipulated Agreements had been reached with the licensees in both instances regarding the violation of under age gambling.

Mr. Ketterer provided the following synopsis regarding the DJW incident: A young lady played slot machines for approximately one hour and thirty minutes after gaining entrance to the casino without being challenged or asked for identification. Surveillance tapes show that she stood back and waited for the right opportunity to do so. Upon entering the casino, she played several slot machines. A Division of Criminal Investigation (DCI) agent confronted her as she was leaving; at which time she admitted to being 16 years of age. She was in the company of her parents. The young lady and her parents were cited for underage gambling by the DCI. Under the new guidelines

approved by the Commission previously, the penalty to DJW for this violation would be \$20,000.

Chair Cutler, noting that the parents had been fined, asked if they were also banned from the facility. Mr. Aviles advised that the parents were each fined \$700. He advised that the parents had left the teenager outside. A blind individual with a seeing-eye dog approached the turnstile, which distracted the guard, and allowed the underage person to enter the casino unchallenged. Upon gaining entrance to the casino floor, she sat by her parents to gamble.

Hearing no discussion concerning the proposed Stipulated Agreement, Chair Cutler requested a motion. Commissioner Bair moved to approve the Stipulated Agreement between IRGC and DJW as presented. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-17)

Mr. Ketterer provided the following synopsis regarding the underage gambling violation that occurred at RCGR: On October 15, 2006, a lady entered the gaming floor unchallenged, and was on the floor for over four hours, playing numerous hands of black jack at various tables. She was identified as being underage on a subsequent trip, but did not meet the threshold for the violation to come before the Commission. She was not asked for identification. Mr. Ketterer recommended approval of the Stipulated Agreement as presented.

Commissioner Urban asked whether RCGR has turned away a significantly higher number of underage gamblers due to its proximity to the University of Iowa, noting that its location is a concern to many parents. Mr. Massa indicated that he did not have that information with him. He stated that management and employees are very cognizant of the age requirement and the concerns of the parents of university students; that it was an issue during the licensing process. Commissioner Urban encouraged them to continue that vigilance. Mr. Massa advised that RCGR will be pursuing legal action against this individual in order to recover some of their losses. He indicated that the penalty for trespassing is \$200 in Riverside; that each community has the ability to establish their own fee. Mr. Massa stated that he feels the facilities need to pursue action against these under aged gamblers so that they share in the consequences of their "game".

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the Stipulated Agreement between IRGC and RCGR as submitted. (See Order No. 07-18)

Chair Cutler moved to Administrative Business and called on Mr. Ketterer to discuss proposed legislation being submitted by IRGC. Mr. Ketterer stated that the proposed legislation would bring Iowa into further uniformity with other jurisdictions and the recommendations of the Medication and Racing Testing Consortium. The proposed rules pertain to medications that are already allowed, but set forth administration levels for furosemide and how horses qualify to be treated with furosemide. The rules also address

the use of phenylbutazone, the concentration allowed for testing, and provides the Commission with more flexibility in assessing penalties and affecting the placing of a horse for purse distribution.

Mr. Ketterer stated that he had talked to all of the representatives of the horsemen's organizations in Iowa, and they were supportive of these proposed Code changes. He expressed his hope that these rules are specific enough that the Legislature would not see these changes as a vehicle to attach other legislation to that is not racing related that would prevent these proposed changes from making it through the process.

Chair Cutler asked if it was necessary to vote on the proposed Code changes. Mr. Ketterer requested that they do so that the Legislature is aware the Commission is aware of the proposed changes and it is just not something staff is doing. Hearing no comments or questions for Mr. Ketterer, Chair Cutler requested a motion. Commissioner Bair moved to approve the proposed Code changes as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 07-19)

Mr. Ketterer advised Chair Cutler that Kim Miller, representing Worth County Development Authority, wished to address the Commission. Ms. Miller advised the Commission of the amount of funds distributed since the opening of the Diamond Jo Worth facility. Noting the main reason she sought to bring a riverboat to Worth County was to benefit education, Ms. Miller pointed out that 46.50% of the funds, or \$1,146,260.06 was given to the schools of Worth County. A point of pride is that each of the 96 graduating seniors will receive \$3,980.07 toward tuition at a university or trade school. As funds increase, she plans to institute a program that will provide free pre-school education to all pre-school children in Worth County.

Mr. Ketterer asked Ms. Miller how the scholarships are tracked. Ms. Miller advised that the individual must be a resident of Worth County while in grades 11 or 12. The student will then have up to four years to use the funds. The checks will be written directly to the college or trade school.

Hearing no further business to come before the Commission, Chair Cutler requested a motion to adjourn. Commissioner Seyfer so moved. Commissioner Bair seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK